

2014

APPLICATION FOR DEVELOPMENT FINANCING



CHICAGO HOUSING
AUTHORITY™

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Overview

The Chicago Housing Authority (CHA) is the third largest public housing authority in the country and serves more than 17,000 households in public housing and more than 37,000 households through the Housing Choice Voucher program.

Since 2000, CHA has been fully engaged in completing the Plan for Transformation (PFT), the largest and most ambitious redevelopment effort of public housing in the history of the United States. In 2013, CHA launched a new strategic plan, Plan Forward, which lays out strategies to plan for a new future for CHA, residents and communities, while fulfilling CHA's obligations under the original PFT.

Through the original PFT, CHA set forth the goals of delivering 25,000 units of public housing and providing residents with better housing options and access to opportunities to gain greater economic independence. Specifically, the original PFT outlined a strategy to deliver approximately 15,000 units of housing for families and 10,000 units for seniors. By the end of 2013, CHA has completed 87 percent of the goal.

CHA currently has 42,000 households on its wait list who need affordable housing. Approximately 80 percent of these households seek one- or two-bedroom units; more than half are interested in mixed-income housing. CHA has already achieved its unit goal for senior housing and the work ahead is focused on delivering family units.

Types of Financing Available

With this application, developers and property owners can request the following types of financing from CHA:

- **Capital loan with operating subsidy through the Mixed Finance Program.** This is a typical structure for developments that are a part of the Plan for Transformation and owned by the developer. This structure can also be used on other developments on CHA and non-CHA owned land, subject to HUD procurement and development requirements. Developers must be selected through a competitive process in order to apply for Mixed Finance funds.
- **Sale of residential property to CHA through the Real Estate Acquisition Program.** This program, using a “turnkey model,” will facilitate the sale of residential units to CHA for the long-term public housing use. In this structure, the developer facilitates all required capital improvements and then sells the units to CHA. There are no pre-selection requirements.

- **Rental assistance only through the Property Rental Assistance Program.** In this structure, the property is developer-owned and CHA enters into a long-term rental assistance contract with the owner for a specified number of units designated for public housing. There are no pre-selection requirements.

The enclosed application and the accompanying “Development Financing Overview” should guide development proposals submitted for CHA consideration. Please note: Developers seeking a capital loan with operating subsidy will also be required to submit a Part Two application after initial determination of CHA interest and project feasibility.

Funding Priorities

While CHA will consider all applications, CHA’s preference is for properties with some or all of the following characteristics:

- Located in **Opportunity and/or General Areas** or neighborhoods that have seen significant investments and include access to employment and educational opportunities, transportation, and amenities;
- Housing units for families; and/or
- Mixed-income properties with no more than 33 percent CHA-assisted units.

CHA will consider applications that do not address the above priorities on a limited basis.

Application Requirements & Format

Applicants must organize their submission to CHA by tabs. Each tab is to be labeled by **topic** as indicated below.

Tab 1 – Application Checklist

Tab 2 – Application and Development Summaries

Tab 3 – Financial Feasibility

Tab 4 – Development Team Background

Tab 5 – Neighborhood Characteristics & Context

Tab 6 – Property Management Plan & Tenant Selection Criteria

Tab 7 – Market Study/Rent Analysis

Tab 8 – Supportive Services Summary

Tab 9 – Certifications

All Applications must include Tabs 1-6 and 9

Applications for New Construction/Rehabilitation properties should also include Tab 7

Applications for Supportive Housing should also include Tab 8

For each proposed CHA-assisted property, applicants are required to submit one original and one copy of the application, each in a three ring binder containing side pockets, plus an electronic version (on a CD, “zip-drive”, or via email to developmentfinancing@thecha.org).

Submit applications to:

Development Financing Programs

Chicago Housing Authority

60 E. Van Buren

13th Floor

Chicago, IL 60605

Attn: Application Coordinator

Tab 1 - Application Checklist

APPLICATION MATERIALS

- Two Binders
- Original Application
- Application Copy
- Flash Drive/ CD

TAB 1 APPLICATION CHECKLIST

- Application Checklist

TAB 2 APPLICATION & PROJECT SUMMARIES

- Application Summary Form
- Property Summary
- Property Description (Written Narrative)
- Property Photos / Drawings
- Evidence of Ownership / Site Control
- Evidence of Zoning Compliance

TAB 3 FINANCIAL FEASIBILITY

- Rent & Sales Schedule Form
- Pro Forma
- Development Sources & Uses Form
- Rent Roll / Other Financial
- Construction Budget
- Commitment Letters

TAB 4 DEVELOPMENT TEAM BACKGROUND

- Developer / Owner
- Property Manager
- General Contractor

TAB 5 NEIGHBORHOOD CHARACTERISTICS & CONTEXT

- Description of Amenities
- Amenities Map

TAB 6 PROPERTY MANAGEMENT PLAN & TENANT SCREENING CRITERIA

- Management Plan
- Security Plan
- Tenant Screening Criteria

TAB 7 MARKET STUDY / RENT ANALYSIS

- Market Study/Rent Analysis

TAB 8 SUPPORTIVE SERVICES SUMMARY

- Supportive Services Summary

TAB 9 CERTIFICATIONS

- Certifications

Tab 2 – Application and Development Summaries

Complete the *Application Summary* form on page 9.

Property Summary

If requesting funding for more than one property, please complete a Property Summary for each building. The Property Summary should include the following:

- Property Name:** Indicate development name
- Property Address(es):** Specify all addresses in the property
- Community Area:** Example: Douglas
- Proposed Term Period:** # of Years
- Census Tract:** Indicate all census tract numbers
- Ward/Alderman:** Indicate ward and corresponding Alderman for all properties

Property Description (written narrative – max. 2 pages)

Provide brief overview of the development, building, and construction/rehabilitation plan, if applicable. The construction/rehabilitation plan should include a timeline that addresses key development activities (e.g. securing funding commitment, closing, construction start and completion, full lease-up). If the application is comprised of multiple buildings, a Property Description must be written for each building. For each building indicate:

- New Construction, Rehabilitation or Ready for Occupancy;
- Building type(s) (e.g., walk-up, elevator, two-flat);
- Population served (e.g., families);
- Total number of units in the development at the property (if multiple buildings - the number of units per building);
- Proposed number of CHA-assisted units and number/type of any other subsidized units in the building (location in the building of all assisted units);
 - For existing buildings ready for occupancy, please indicate whether proposed CHA-assisted units are vacant, partially occupied or fully occupied.

- Building and site amenities (laundry facilities, community space, recreation space, play lots, parking, etc.). Developers or building owners should offer all facilities and amenities generally offered in the Chicago market by rental communities housing moderate-income families.

For existing buildings ready for occupancy, the following photo requirements apply for each building in the application:

- Two exterior pictures showing the front and rear of the building.
- For multifamily buildings - common area photos such as entrance and laundry area.
- Typical unit interior for each bedroom size in the application. (Only for existing projects.)

For new construction and rehabilitation:

- One set of half-size (11"x17") Schematic Drawings/ Architectural renderings featuring the proposed design elements.
- Pictures of existing site(s).

Evidence of Ownership (or Site Control)

Application must provide evidence of current ownership of the property. Evidence of current ownership must be signed and, if appropriate, stamped. Alternatively, application may include evidence of pending site control, option agreements, sales contracts, etc. Applicants seeking CHA-owned property for development will be subject to obtaining this property through CHA's procurement process and HUD disposition approval. Applicants seeking City-owned land must contact the City of Chicago's Department of Planning and Development ("DPD") for information about the City's process for acquiring land.

Applications proposing a master lease arrangement for CHA-assisted units should provide a rationale for that approach. A summary and copy of that agreement should also be included.

Evidence of Zoning Compliance

In addition to the above referenced items, applicants must submit documentation that establishes the property is zoned appropriately or in the process of being rezoned for the intended use. If the property requires rezoning, the application must demonstrate that this process has been initiated along with a timetable for completion or describe any discussions with the City's Bureau of Zoning and Planning about the proposed development.

Application Summary

Type of Financing Requested

1. Capital loan with operating subsidy (Mixed Finance)
2. Sale of residential property to CHA (Real Estate Acquisition Program)
3. Rental assistance only (Property Rental Assistance)
4. Other: Explain _____

Property Information					
Development/Property Name:					
Development Address, City, State and Zip:					
Community Area:		Census Tract:	PIN(s):	Ward /Alderman:	
Total Square Footage	Total No. of Buildings	Total Residential Square Footage	Total Non-Residential Square Footage	Total Site Area (Acreage)	Total Building Height
Neighborhood: <input type="checkbox"/> Opportunity Area <input type="checkbox"/> General Area <input type="checkbox"/> Limited Area <input type="checkbox"/> TIF District <input type="checkbox"/> Enterprise Zone <input type="checkbox"/> Empowerment Zone					
Application Type	<input type="checkbox"/> New Construction <input type="checkbox"/> Rehabilitation <input type="checkbox"/> Existing - Ready for Occupancy				
Requested Assistance Contract Term	<input type="checkbox"/> Forty Years <input type="checkbox"/> Thirty Years <input type="checkbox"/> Fifteen Years <input type="checkbox"/> Other: _____				
Type of Building (s)	<input type="checkbox"/> Elevator <input type="checkbox"/> Walk-up <input type="checkbox"/> Townhouse <input type="checkbox"/> Single Family				
Number of stories					
Target Population <input type="checkbox"/> Individuals (Studios and 1 BR units with no age restriction or special needs) <input type="checkbox"/> Families (1 BR and higher units with no age restriction or special needs) <input type="checkbox"/> Senior only housing (Housing with age restriction) <input type="checkbox"/> Supportive Housing (describe target group _____)					
Overall Bedroom Mix					
	# of BRs	# of Total Units	% of Total Units	# of CHA units	% of Total Units
Non-Residential Use Describe here:					

Development Team Information		
Developer/Owner Information <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> DBE		
Owner's Name:		Owner's Email Address:
Owner's Telephone Number:		Owner's Fax number:
Owner's Address, City, State and Zip:		
Contact Person Name & Title:		
Contact Person Address, City, State and Zip:		
Email Address:		
Telephone number:	Company Web Site:	Fax number:
Property Manager Information <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> DBE		
Property Manager's Name:		Property Managers' Email Address:
Property Manager's Telephone Number:		Property Manager's Fax number:
Property Manager's Address, City, State and Zip:		
Contact Person Name & Title:		
Contact Person Address, City, State and Zip:		
Email Address:		
Telephone number:	Company Web Site:	Fax number:
General Contractor Information <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> DBE		
General Contractor's Name:		General Contractor's Email Address:
General Contractor's Telephone Number:		General Contractor's Fax number:
General Contractor's Address, City, State and Zip:		
Contact Person Name & Title:		
Contact Person Address, City, State and Zip:		
Email Address:		
Telephone number:	Company Web Site:	Fax number:

Architect Information <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> DBE		
Architect's Name:		Architect's Email Address:
Architects' Telephone Number:		Architects' Fax number:
Architect's Address, City, State and Zip:		
Contact Person Name & Title:		
Contact Person Address, City, State and Zip:		
Email Address:		
Telephone number:	Company Web Site:	Fax number:

Tab 3 – Financial Feasibility

CHA requires that any development in which it invests have a sound financial structure including realistic income and expense projections and provisions for adequate reserves. CHA seeks partners with available units or who can demonstrate the commitment and resources to provide new housing units promptly.

All applicants must complete the *Rent & Sale Schedule* form, which starts on page 14. Please also identify which utilities, services and appliances are and are not included in the rent.

Ready for Occupancy applications only

For existing properties not being rehabilitated, the following should be included:

- Property's current rent roll (with names redacted) that shows unit sizes, number of bedrooms, rent amounts, and subsidy amounts, if applicable
- Property's year-end balance sheet
- Property's latest monthly and past two years' income and expense statements
- Proforma/operating budget for the lesser of 15 years or the length of proposed term

New Construction/Rehabilitation applications only

List all funding sources, type of funds (HOME, CDBG, TIF, State Trust Funds, tax credit equity, loans, etc.) and amounts from each source including term, rates, and amortization. Provide letters of interest and/or commitment letters from all funders; list all letters on the first page of this Tab in the order that they appear, and separate each letter with a blank sheet of colored paper. Letters must indicate accurate funding amounts and disclose all terms. Items that should be included in this tab, if applicable:

- *Development Sources and Uses of Funds* form on page 16
- Construction Budget (PRA and REAP only. Detailed construction budget will be part of Mixed Finance Part 2 Application.)
- Tax Credit Allocation Commitment Letter from DPD or IHDA
- Funding/Lender Interest or Commitment Letters for major sources of development financing
- Equity Investment Interest or Commitment Letter including the amount of investment and equity contribution schedule

- **Operating Pro Forma**

CHA will review the operating pro forma for the proposed property to determine financial feasibility/stability; the proposed rent structure or actual rents collected; proposed or actual operating expenses; proposed or actual net operating income (NOI) ; and proposed debt service coverage and actual reserve contributions. Proforma term should be the lesser of 15 years or proposed contract period for which CHA assistance is being requested.

Rent & Sale Schedule

Please complete rent schedules for each building in the application.

Building Address:	Number of Floors:
Number of Units:	Number of CHA Assisted Units:
Number of Accessible Units:	Number of Adaptable Units:
Number of Units for Visually/Hearing Impaired:	
Utilities Included:	
Appliances Included:	

Proposed Rent Schedule

		Market Rate	CHA Assisted		Affordable			Other	Total
			PRA	Public Housing	50% AMI	60% AMI	80% AMI		
Studio*	# of Units								
	Rent								
1 BR	# of Units								
	Rent								
2 BR	# of Units								
	Rent								
3 BR	# of Units								
	Rent								
4 BR	# of Units								
	Rent								
5 BR*	# of Units								
	Rent								

*Studios and five bedroom units are not eligible for Mixed Finance funds.

Current Rent Schedule

		Market Rate	Affordable			HCV	Other	Total
			50% AMI	60% AMI	80% AMI			
Studio	# of Units							
	Rent							
1 BR	# of Units							
	Rent							
2 BR	# of Units							
	Rent							
3 BR	# of Units							
	Rent							
4 BR	# of Units							
	Rent							
5 BR	# of Units							
	Rent							

Proposed Sale Schedule (REAP Only)

	Number of Units	Projected Rehab Costs	Per Unit Sale Price	Total Sale Price
Studio				
1 BR				
2 BR				
3 BR				
4 BR				
5 BR				

Development Sources & Uses

	Total Amount	Per Unit	Committed
SOURCES			
First Mortgage			
CHA Loan			
DPD HOME, CDBG			
TIF			
LIHTC Equity			
Donation Tax Credit Equity			
New Market Tax Credit Equity			
DCEO Grant			
FHLB - AHP			
Other			
Other			
Other			
<u>TOTAL SOURCES</u>			
USES			
Acquisition			
Construction Costs (incl. Contingency)			
Professional Fees			
Financing Fees			
Reserves			
Escrows			
Developer Fees			
<u>TOTAL USES</u>			
<u>SURPLUS/(DEFICIT)</u>			

Tab 4 – Development Team Background

Developer/Owner (Max. 5 pages excluding current properties and ownership structure)

Describe the developer's background, length of time in business and level of experience in developing and/or owning affordable housing. Application must provide a brief narrative describing applicant's experience in developing affordable housing, including a list of all properties owned and/or managed by developer/owner. If the developer has failed to complete any awarded work or defaulted on a contract, please provide an explanation.

For properties currently owned and/or managed by the developer, please indicate, in table form, the following:

- Principal name
- Ownership entity
- Percent owned or managed
- Property name
- Property address
- Number of units
- Property Identification Number (PIN)

The property list should include any properties for which the applicant, in whole or in part, is part of the ownership or management structure.

Ownership Structure of Proposed Property

Outline the property's ownership structure including the name of the partnership, or other entities (and their principals) that comprise the owner entity and the % of ownership interest for each partner or other ownership participant.

Credit References (New construction and rehab projects only)

Applicant should provide a minimum of three credit references (at least two from lending institutions, one professional) and provide a signed consent letter allowing CHA to contact these references to inquire about the status of the business relationship and if the business relationship is in good standing.

Property Manager

CHA seeks units in developments in which owners and managers have or can demonstrate a commitment to high-quality management, including sensitivity to the needs of lower-income

families and/or ability to coordinate with social service providers, if needed. Applicant must demonstrate the experience of the property management team in managing properties of a similar size, configuration and income mix, including an affordable housing component. A firm's record in property management, including public housing, project-based or tenant-based rental assistance and/or low-income tax credit programs, if applicable, will be evaluated.

Please provide the following:

- Properties managed (in table form):
 - Address
 - Number of units
 - Population served
 - Affordable component, if applicable
 - Years managed
- Statement of qualifications of property manager, addressing issues enumerated above.

General Contractor (New construction and rehab projects only)

Please include the following information for the general contractor:

- Main services provided by business
- Years engaged in business under current name
- Years engaged in business under different name(s)
- Residential projects within the past three years (in table form)
 - Project name
 - Address
 - Phone number
 - Date started
 - Date completed/current status
- Any failure to complete awarded work and explanation
- Any contract default and explanation
- Documentation of available credit
- List of suppliers

Tab 5 – Neighborhood Characteristics & Context

CHA is interested in projects that will support community needs for housing and economic development and that are part of a larger neighborhood plan or vision. This section should be no more than 3 pages.

Provide a written description and map of amenities in the surrounding community (within a half-mile). Amenities include, but are not limited to:

- Major streets, highways, public transportation routes and stations
- Educational and childcare facilities (including school names and grade levels)
- Medical services and health facilities
- Commercial/retail establishments (including grocery stores and pharmacies)
- Parks and recreational facilities
- Social service providers (on site and nearby)

Corresponding addresses of the amenities, if not able to be displayed on the map, must be attached on a separate sheet.

In the written description, also address the following:

- Type of housing stock
- Employment opportunities
- Location within a federal, state or local designated development area (e.g. Empowerment Zone, Enterprise Zone, TIF)
- Number of vacant lots and abandoned buildings on block where the units are located
- Income mix both within the proposed property and in the surrounding community

Community Development Approach

Please describe any community engagement efforts or community reviews in which the applicant has participated. Please also describe any efforts to integrate the proposed development into the surrounding community, if any.

Tab 6 – Property Management Plan & Tenant Screening Criteria

CHA seeks well-managed properties to provide housing for families and individuals from CHA's Public Housing and/or Housing Choice Voucher waiting lists. Application should include:

- Management plan for the property or description of how the property will be managed.
- Security plan that includes both active (such as private or roving security) and passive (such as cameras or buzzer entry system) security components.
- Summary of tenant screening criteria for the property (1 page or less).

Tab 7 – Market Study/Rent Analysis

Applicants for new construction/rehabilitation developments must provide a market study or analysis of comparable rents that complies with current industry standards. The study must include a minimum of five comparable properties within a half-mile of the subject property. If the half-mile radius does not include the minimum number of comparable properties, the rent analysis area should be expanded to include those properties in closest proximity that are most comparable with the subject property but should not exceed a one-mile radius. If the market analysis uses a comparable property that is located outside of the one-mile radius, applicant must include a justification for doing so. New construction/substantial rehab applications without a market study will be deemed incomplete.

For Mixed Finance requests, applicants must fulfill HUD market study requirements. Please view HUD's Mixed-Finance Guidebook, Exhibit 2-2 for more information.

Tab 8 – Supportive Services

All members of tenant households in supportive housing must have easy, facilitated access to a flexible and comprehensive array of supportive services designed to assist the tenants to achieve and sustain housing stability. Service and property management strategies should include effective, coordinated approaches for addressing issues resulting from substance use, relapse, and mental health crises, with a focus on fostering housing stability. Applicants that will provide supportive services must include the following:

- Supportive Service Plan (including target population, staffing, and approach).
- Supportive Service Programming funding sources and uses
- Qualification of service provider experience, etc.
- Analysis of how building design supports the needs of the population being served.
- Complete *Supportive Services Summary* form on the following page.

Supportive Services Summary

New Construction/ Rehab Housing Existing Housing

Service Provider: _____

Address of property: _____

Number of units in Building: _____ Number of units in Building receiving Supportive Services: _____

Target Population(s) *Please check all that apply*

- Single Women Single Men Women with Children Men with Children
- Two parent families

Special Target Population(s) *Please check all that apply*

- HIV/Aids Youth Pregnant/ Parenting Teens Substance Abuse Domestic Violence
- Homeless/at risk of homelessness Justice Involved Mental Illness Disabled Veterans
- Other: _____

Social Service Staff (please describe your staffing plan including positions and what and where services will be provided):

What is your staff to resident ratio?

What are the outcomes you anticipate as a result of your services?

Please indicate your funding source (s) and amounts for services?

Source	Amount	Committed	Proposed

What is the cost per person/family for services? \$ _____

Who are your other partners for service provision?

Partner	Service	On-site	Off-site

COMPLETED BY SERVICE PROVIDER:	Print Name:	Title:
	Signature:	Telephone:

Tab 9 - Certifications

I (meaning the individual who signs as well as the corporations, partnerships or other parties listed above who certify) hereby apply to CHA as the case maybe, for approval to participate as a principal in the role and project listed above based upon my following previous participation record and this Certification. In the event that I or any of my principals or affiliates have been found to be in noncompliance with any federal requirements, I have attached a signed statement explaining the relevant facts, circumstances, and resolution, if any.

I certify that all the statements and representations made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in the application signed by me and attached to this form.

I further certify that:

1. The application contains a listing of every property I have been or am now a principal for ownership or management.
2. The Developer/Owner, other project principals and employees, and members of the development team are not on any list of parties debarred or excluded from procurement and non-procurement programs for any government entity.
3. The Developer/Owner, other project principals, members of the development team, and any employees have disclosed any possible conflict of interest that would be a violation of CHA policy HUD regulations. The Owner and other project principals have a conflict of interest if the Owner (including a principal or other interested party) is currently or was during the 12 months preceding the application:
 - a. A member or officer of the CHA Board of Commissioners (except a resident commissioner);
 - b. A CHA employee, or is a contractor, subcontractor or agent of the CHA, who formulates policy or who influences decisions with respect to the programs;
 - c. A public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs;
 - d. A member of the Congress of the United States; or
 - e. A person convicted of a felony and presently, to my knowledge, the subject of a complaint or indictment charging a felony. (A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a State and punishable by imprisonment of two years or less).

4. To my knowledge I have not been found by HUD to be in noncompliance with any applicable fair housing and civil rights requirements in 24 CFR 5.100.
5. If the Developer/Owner currently owns land/property for proposed development:
 - a. The mortgage(s) for the development/portfolio are paid and current;
 - b. The property taxes for the development/portfolio are paid and current; and
 - c. The utilities (e.g., water/sewer, gas, electric) are paid and current for the property/development.
6. Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I believe qualify me as a responsible principal for participation in this project.
7. I understand that should my application be recommended for approval, I will be required to provide evidence of some or all of the above statements prior to execution of contract or agreement.
8. I acknowledge that I have received, read and understand the Development Financing Overview.

Participant/Principal Name	Phone Number
Signature	Date
Participant/Principal Name	Phone Number
Signature	Date

All the names of the parties, known to me to be principals in this project(s) in which I propose to participate, are listed above.